

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 4, 2002

PRESENT: Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Nicole Horton, Wine Marketing Specialist; Richard Farrenkopf, Assistant Director of Information Technology; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Gocłowski, Law Warehouses

EXCUSED: Commissioner Anthony Maiola; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending March 31, 2002 indicates retail sales were up a little over 26%, on-premise sales were up almost 4.7%, off-premise sales were up 28.6%, and total aggregate sales increased by 23.8%.

The W-1 Total Weekly Sales report for the this past week confirms total sales increased over the same week last year by 23.8% or \$1,109,902 and also were up for the year by 7.35% or \$17,105,202. Wine sales also increased for the week by almost 32% or \$724,935, as well as for the year by about 10% or \$10,604,832. Sales of spirits were up 15.75% or \$388,006, and were also up year-to-date by 5.84% or \$7,600,500.

B. Budget Reports:

There was nothing of significance to report regarding outstanding depletions and post-offs per this week's report.

The airline tickets have been received for those persons who cancelled going to the NABCA annual conference because of the Governor's freeze. These are non-transferable, and there is a \$100 charge each to change travel dates/destination. Craig will keep track of them over the course of the year.

Craig reviewed the work order request form he and George developed which is to be used from this point on.

Next week focus will be on working on the Commission's capital budget, which is due in a couple of weeks. Chairman Byrne asked if there were provisions for the two parking lots for Stores #66 and #67 in Hooksett.

The current W-6 Expense Budget Activity Variance Report shows the year is now at 75.34% completed, with total agency expenditures at 73.4%. George said the budget seems to be holding up well at this point. During the next week or so, work will be done on transfers for any budget deficits. At a meeting at Administrative Services this morning, it was revealed that the Governor's Office will be sending out a reduction statement at about 4% which should be received by agencies within the next week.

A phone conference is planned with Suzan Lehmann at the Attorney General's Office and the attorney for Computer Associates regarding the proposed contract. At this point, Computer Associates wants to include some provisions were are not acceptable to the Commission.

2. IT Reports

Rick passed out a project plan document outlining the plan for delivery and installation of the new computer equipment hardware and software, including what has been done up to this point, and presented a brief overview of the plan. This process includes a rollout of desktops targeted to take place during the month of June.

There will be conference held next Monday regarding the RFP for store support, which has been released to vendors. This will not have to go before Governor and Council, and everything appears to be on schedule.

II. MARKETING & SALES REPORTS

1. Store Operations

Figures are inflated on this week's W-8 Sales Analysis by Location report, which had six days this week, showing an increase in total sales over the same week last year of 24.14%. These figures should start going down within the next few weeks.

The Dream Kitchen Giveaway in-store promotion is going very well, with several events planned which will include special guests affiliated with Robert Mondavi. John Bunnell said an offer has been received for platinum to complete the field on the summer promotion, with the deadline being tomorrow.

There was a recent meeting held regarding the re-location of the Hillsboro store. Peter explained where the new location is, with footage around 4,400 square feet. The building will be pre-fabricated, and will probably be ready to open the first of June.

2. Warehouse Report

a. Tabled Item (Asbestos Abatement – tabled from 3/7/02):

Craig reported that an engineer from Novis came in on Tuesday and went through the boiler room. A written assessment will be done and brought back before the Commission. (Item remained on the table.)

There was nothing of significance to note regarding the latest Concord warehouse report.

3. Purchasing Report

A new addition to this week's out-of-stock report is Three Olives, 750ML, which is in stock in the 375ML size. Follow-up continues on the out-of-stock wines.

4. Merchandising Report

A. SPIRITS:

1) Addition to Mother's Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers for three (3) spirit items from Seagram Americas to be included in the upcoming Mother's Day Sale (May 2 through May 12, 2002), as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Products:

a. Test Market Request (Fleischmann's Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands for a new test market product listing for Fleischmann's Rum, 1.75L size (assigned Code #4236), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Amarula Cream Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown Forman Spirits Americas for a new test

market product listing for Amarula Cream Liqueur, 750ML size (assigned Code #8173), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Chi Chi's Cosmopolitan):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands for a new test market product listing for Chi Chi's Cosmopolitan, 1.75L size (assigned Code #5411), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (99 Apples):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands for a new test market product listing for 99 Apples, 750ML size (assigned Code #5027), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Results (Codes #3816, #3814 and #3815):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist the following products, each of which failed to earn the required gross profit for both full distribution and specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #3816, Fleischmann's Orange Vodka, Code #3814, Fleischmann's Raspberry Vodka and Code #3815, Fleischmann's Lime Vodka, 1.75L sizes. The motion was unanimously adopted.

f. Test Market Recommendations (Codes #2167 & #3556):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist the following products, each of which failed to earn the required gross profit for both full distribution and specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #2167, Revelstoke Canadian Whiskey,

750ML size and Code #3556, Phillips Orange Vodka, 750ML size.
The motion was unanimously adopted.

3) Delisted Product Markdown:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that an offer from United Beverages, Inc. to cut the cost price F.O.B. on remaining inventories of Marie Brizard USA products currently in the Concord Warehouse be tabled until next week's meeting, pending receipt of further information. The motion was unanimously adopted.

4) Special Offers:

a. 1 additional item – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an additional special offer from United Beverages, Inc., based upon depletions of one (1) spirit item, to be featured on sale during May 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions of one (1) spirit item without matching funds from the Commission, to be featured on sale during May 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) June Wine Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all wines priced \$9.99 and above be placed on sale at 10% off when purchased in a mixed or matched case, for a June Wine Sale, scheduled for the period Thursday, May 28 through Sunday, June 30, 2002, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-three (33) wine items to be listed as wine specialty products in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated and Restricted Wines for Distribution to Selected Stores:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one hundred and twenty-one (121) allocated and restricted wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source (15 exclusive agent; 34 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of fifteen (15) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and thirty-four (34) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated March 29 through April 4, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items:

a. Appeals Received – Delistings – Items Not Reaching Gross Profit as of 2/24/02:

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It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist two (2) wine items which failed to reach their respective required gross profits as of February 24, 2002. The motion was unanimously adopted.

John W. Byrne, Chairman

Patricia T. Russell, Commissioner

/D. Hartford